



**The State of New Hampshire
Insurance Department**

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INSURANCE DEPARTMENT PRESS RELEASE

For Immediate Release

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**ACA Assurance, Manchester, NH
Placed in Rehabilitation
By New Hampshire Insurance Department**

Manchester, NH – September 25, 2008- The New Hampshire Insurance Department announced that ACA Assurance was placed in rehabilitation on September 8, 2008. ACA Assurance is a Manchester, New Hampshire-based fraternal benefit society established in 1896 with the mission of promoting the union of persons of French Catholic ancestry in North America and the preservation of the French language and culture. The Society provides insurance benefits to its members in a number of states.

The Department also announced that a twenty-five percent (25%) assessment had been imposed on most U.S. and Canadian life insurance policies and annuities issued by ACA. The effect of these assessments will be that death benefits or annuity amounts payable on assessed policies will be reduced by 25%.

Each affected ACA policyholder will be receiving a direct mailed notice of this assessment within the next several days. This notice will include a question and answer section, as well as phone numbers to call for more information. Assessments will be applied to claims received by ACA on or after September 8, 2008. This assessment was authorized by the Board of Directors of ACA, the Rehabilitator and the Merrimack County Superior Court.

Due to substantial operating losses during 2008 and because ACA's reserves have been impaired, the assessment is necessary to provide capital and surplus to ACA. As a fraternal benefit society, almost all of ACA's policies are assessable. ACA sold small

life insurance policies and annuities, as well as preneed life insurance contracts that are used to prepay for funerals. Prenneed policies are also being assessed, so claims payments will be reduced by 25%.

The Insurance Commissioner has also imposed a moratorium on all surrenders of ACA policies and on all loans against ACA policies. This moratorium will apply to surrenders and loan requests received by ACA on or after September 8th, and it will remain in place until further notice.

The purpose of this second rehabilitation is to determine whether the Society can continue its insurance operations. The Department has asked the Board of Directors to remain in an advisory capacity during this period. The Board of Directors consented to the rehabilitation.

ACA Assurance will remain in operation during the rehabilitation and will continue to pay claims, although subject to the 25% assessment. ACA has discontinued issuing new policies.

The New Hampshire Insurance Department is in contact with the company's other U.S. and Canadian regulators to explain the purpose of the rehabilitation, the effect of the assessment and the moratorium, and to seek their cooperation.

Alex Feldvebel, Deputy Insurance Commissioner, said: "Since July 2, 2007, the date ACA exited the first rehabilitation, the company has struggled with ongoing, substantial losses arising from its insurance business. This included a significant loss in 2007-2008 on its TourMed business. The company has also had difficulty bringing its expenses down far enough and fast enough. We believe the assessment and the moratorium are necessary to address the company's impaired capital and to permit the continued payment of claims. We are in consultation with the board of directors of ACA, and we are looking at a range of options as to the future of the company. Our primary goal will be to protect policyholders from further exposure to loss."

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ABOUT THE NH INSURANCE DEPARTMENT

The first insurance regulator in the US, the NH Insurance Department was created in 1851 and charged with enforcing and administering New Hampshire's insurance laws. The department, an agency of the executive branch of New Hampshire state government, conducts safety and soundness and market conduct examinations of licensees, licenses insurance companies and insurance producers, reviews premium rates and policy forms, provides assistance, information and referral services to New Hampshire insurance consumers, and administers the filing and collection of New Hampshire's insurance premium tax. For more information, visit the Insurance Department's web site at: www.nh.gov/insurance.